

## LNF & IHCIF Calculations Illustration

### - Lac Du Flambeau in Bemidji area -

#### Given Data

- 2,514 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 25% = % Expenditures on purchased services, 75% = % expenditures in-house
- 93.1% = Cost index for purchasing health care in this geographic area
- 122.5% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$700 per person for purchased services =  $25\% * 93.1\% * \$2,980$
- \$2,730 per person for in-house services =  $75\% * 122.5\% * \$2,980$
- \$3,430 per person total = \$700 (purchase) + \$2,730 (in-house)
- **\$3,633 per person total** adjusted for health status =  $\$3,430 * 105.9\%$
- **\$2,888 per person net cost** =  $\$3,633 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 2,514 users excluding wrap-around and collections)

- \$1,028 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,176 per person for OU users** =  $\$1,028 + \$94 + \$54$

#### LNF Calculation

- **32.4% Gross LNF** =  $\$1,176$  (expenditures) /  $\$3,633$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **40.7% Net LNF** =  $\$1,176 / \$2,888$  net cost ( $\$3,633 - \$745$  other)

#### IHCIF Allocation

- \$1,399,887 = \$ to raise LNF% from 40.7% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$48,828 Allocation** =  $\$1,399,887$  needed for 60% \* 3.488% IHCIF fraction

#### Lac Du Flambeau Unmet Needs

- **\$7,260,599 Net Total Need** = 2,514 users \* \$2,888 net cost
- **\$4,304,127 Net Unmet Need** =  $(100\% - 40.7\% \text{ LNF}) * 2,514 \text{ users} * \$2,888 \text{ net cost}$